

Reduces Wasteful Spending in the Federal Government

Washington, DC – Congressman Bruce Braley (D-Iowa) release the following statement today after President Obama signed a new law to cut wasteful government spending. The *Improper Payments Elimination and Recovery Act* lowers the improper payment threshold for agencies and requires action plans to prevent future waste and recover overpayments. The bill passed both the House and Senate unanimously.

“As we continue to right our fiscal ship, this bill is a responsible step forward to eliminating waste, fraud and abuse in the federal government,” Braley said. “In the 111th Congress, we’ve passed historic measures to restore fiscal responsibility to the legislative process and this is just one more example of that. Rather than cutting unemployment benefits for desperate families, we must continue working to reduce the deficit by ensuring taxpayer dollars are neither abused nor spent wastefully by the government. This law will increase transparency and hold agencies accountable for their spending habits.”

Improper payments occur when a government agency pays too much, pays twice, or pays for the wrong product or service because of fraud or poor management systems. According to OMB, federal agencies were estimated to have made nearly \$98 billion in improper payments in Fiscal Year 2009.

Currently, OMB has set the reporting threshold for improper payments very high – they only require agencies to report on improper payments that exceed BOTH \$10 million and 2.5% of total program payments. The bill would lower the reporting threshold to improper payments over \$10 million and 1.5% of program payments; or those over \$100 million.

Earlier this year, Braley introduced the *Reduce Unnecessary Spending Act of 2010* with Rep. John Spratt (D-SC). The bill would give President Obama the tool of expedited rescission, similar to a line-item veto, while still maintaining the separation of powers.

Previous action taken by the 111th Congress to reduce unnecessary federal spending and restore fiscal responsibility also includes:

- The reinstatement of statutory PAYGO (PL 111-139), after Congress let it expire in 2002.
- The enactment of provisions going after waste, fraud and abuse – such as cracking down on waste, fraud, and abuse in Medicare and Medicaid.
- The House has passed the IMPROVE Acquisition Act, saving taxpayers an estimated \$27 billion a year by cleaning up defense acquisition spending.
- The House has passed the Government Efficiency, Effectiveness and Performance Improvement Act that will cut government waste by shining light on ineffective programs.